

MINUTES
SPECIAL MEETING
CITY COUNCIL
held at
MORGANTON COMMUNITY HOUSE

September 26, 2016

Ronnie Thompson, Mayor

Sally W. Sandy, City Manager

Louis E. Vinay, Jr., City Attorney

John H. Cantrell)
Forrest A. Fleming) Councilmen
Sidney Simmons)
Vacant)

I. The meeting began with lunch served at 11:30 in the Cobb Room at the Community House.

II. The meeting was called to order by Mayor Thompson at 11:48 a.m.

III. Invocation – The Mayor asked the Rev. Bob Sheppard, who was in attendance, to lead an invocation.

IV. Introduction and Recap of the Community House Project to Date – City Manager Sally Sandy gave an overview of the past 4 years of the Community House Renovation project. She stated that the Council would be presented three options for moving forward into the next phase of the project.

V. Presentation of Options for Remaining Project – Patti Glazer stated she is the architect for the Community House Project. Russ Nicholson a staff architect with Glazer and Jerome Hay with SUD Associates, who is working on the plumbing/mechanical/electrical design, were also in attendance. Glazer stated that when first hired in 2012 she talked with various committee members about what was needed and looked at the building's mechanical systems. Some improvements to be presented are functional and some are to correct code deficiencies (handicap accessibility, etc. or things that are at the end of their functional life.) Glazer pointed out the updates/improvements being proposed in the options to be presented to the Council. Glazer stated the elevator is a key element to the proposal. A bonus of having an elevator, beyond using the elevator for moving items from storage, would be the addition of smaller meeting rooms on the lower level. Sharon Jablonski stated that even more important was the fact that people could be dropped off "at grade", come in through the back doors, and use the elevator to access the main floor.

Hay, who is the lead engineer, spoke in regard to the mechanical issues with the Community House. He stated that some of what they do is never seen, such as installing new electrical service. He stated the HVAC system is not in good shape and inefficient from an energy standpoint. Installing a new HVAC system should help with the operating costs of the building. They will also install a fire alarm system, which is currently not incorporated in the building.

The Mayor asked if the elevator would be used for freight. Glazer stated it was a passenger elevator however it could be used for freight. Nicholson stated the elevator was rated for 3500 lbs. and would be large enough for a stretcher should it be needed.

There was continued talk about the basement area and the details of the elevator. The City Manager explained that the elevator was either in or out. She stated that if the Council chooses not to approve installing the elevator now, it could not be done in the future. Glazer stated that without the elevator the basement level becomes non-functional. Jan Richardson stated that if the elevator is not installed the basement will continue to be used as a dumping ground. The Mayor asked about an elevator on the other side of the basement. Jablonski explained that there was a dumbwaiter installed in Phase I renovations that moved food from the basement level storage to the kitchen preparation area. Glazer stated the delivery access has been improved. Hay stated it was worth noting that the basement area is like “free” space because it has been underutilized. Glazer stated the basement is 3420 sf.

VI. Community House Business Update – Sharon Jablonski gave an overview of the pricing options; of things that could be deducted now and/or added later for the project. She then presented a slide show of various events from the past year to show how the community kitchen is being utilized. She then covered the numbers – revenues vs expenditures. Sharon stated that food costs have decreased by 29% bringing those more in line with industry standards. The equipment line item has decreased by 40%. Sharon stated that she has been working on the business plan and knows where she needs to fix things.

The City Manager stated the Community House is unlike the First Baptist Church (FBC). FBCs catering/space is a mission of the church, everyone who goes in to help is a volunteer except Suzette; that is their mission. Comparing the Community House to the FBC is not like comparing apples to apples. What the City does is a community service; we provide a service, just like recreation, just like Public Safety and CoMMA. The City Manager posed the question, how much of a community service do you think the Community House is and how much is the Council willing to support this service. Currently the taxpayer subsidizes less than 1¢ on the tax rate which is \$157,000. Jerry Norvell stated that the Community House helps to make Morganton special and the envy of other small towns. Norvell stated that the renovation is what we need to do as a community.

VII. Financing Options –

The City Manager clarified the options:

Option 1: Total cost with 5% contingency would be \$1.5 million. Sitting on \$100,000 from Renew the Tradition with another \$50,000 to be raised privately. Deducting that takes the cost down to \$1.4 million.

Option 2: Upstairs, elevator, entrance way. Total cost would be \$1.176 million

Option 3: Not really an option because if no elevator would have to redo upstairs. It would leave the basement as is currently.

Finance Director Karen Duncan stated the maximum length of time banks would lend the City installment purchase financing is 15 years. A bank qualified borrowing rate could go up if the City waits until next year. Karen thinks 3% is a good planning interest rate, but it could be a little higher or lower.

Option 1: Annual financing cost estimated at \$117,000 for 15 years

Option 2: Annual financing cost estimated at \$98,500 for 15 years

Option 3: Annual financing cost estimated at \$76,200 for 15 years

Councilman Cantrell asked what the best estimate would be for the next 5 years.

Sharon stated she felt she could lower operating costs by \$10,000 per year. She stated that when she took over the Community House she anticipated being able to break even, but she did not anticipate the retirement/insurance costs. Councilman Cantrell stated that not to update the Community House would be a poor idea. He stated the City has always maintained what it owns. He feels the Council should do no less than that for future generations. The City Manager stated that costs are slowly increasing; the project will not get any less expensive.

The City Manager stated the biggest costs are the people and needing people isn't going to change. She stated that as you grow your business you will need more people.

The City Manager offered another perspective – CoMMA is another community service which makes us who we are. CoMMA has been subsidized around 4 cents on the tax rate over the past four years. CoMMA provides a place for community events, similar to the Community House but on a different scale. The Council has decided that an appropriate public investment into CoMMA is 4 cents on the tax rate annually and has approved such in annual budgets. This decision is something that Council needs to decide. The Community House serves the community. The City Manager stated that Marsha Riddle told her that this is a community building and why would we not put some of the community's dollars into something that serves the community.

Colleen Bennett stated that the reason the millennials don't rent this room (Cobb) is because of the aesthetics. The smaller (Conley) room is rented because it is more pleasing. She felt that if the Cobb room is renovated it will be used more often.

Karen shared the financing timeline:

October/November/early December – send out construction bid packets, receive and analyze bids

Late December – send out financing RFP, receive, analyze and award bid

Award construction bid

January – prepare packet for Local government Commission for submission

February – submit application to LGC

April/May 201 – construction begins

Sharon stated the current challenge is the bids are only good for 60 days if you are getting the best bids possible.

VIII. Renew the Tradition Committee Remarks

Jan Richardson thanked the Renew of the Tradition members, the Pilot Club, the Council, Mayor and past Mayor. She hoped the Council would continue to support them in seeing the project to completion.

Bob Sheppard stated he liked the idea of considering figures; it's vital and important. He stated he likes to talk about people; about eight decades ago, when this building was begun, it was to be a showcase for this area for all citizens. He stated we would be neglecting disabled and senior citizens if the option involving an elevator is not used. He reminded the Council of the original intent again; a place for ALL the people of the community for their good. As you look at figures, he urged, don't forget the people.

Ron Martin stated this had been a good presentation. He stated that it means a lot to go out into the community and talk about the Community House. The Community House is an icon in the community and a project we can all be proud of some day. The Community House can be a real showplace.

Marsha Riddle gave a brief history stating the Women's Club was involved in the original project. They discovered there was no way the Women's Club could accept the funds, the City stepped forward to receive funds and has continued to support it. She stated it is not only a showcase but the only place in WNC like it; it is a place that stands out for everyone in the community. This facility stands out as an icon and a place for all. Riddle listed many clubs, organizations, and other who use the Community House. She urged the Council to think about the fact that there is a choice; that choice being we move forward as a community or we stagnate. She reiterated that we should move forward and update the building so the community can use the facility for years to come. She stated that everyone who comes to the Community House says there is not another place like it. She urged the Council to invest in the future.

Wendy Cato stated she is on the Renew the Tradition Committee and past Pilot Club member. She stated it is amazing the number of decisions the Council makes each month regarding money, but the Council continues to support and make the Community House a priority. She stated that she recognizes what a difficult decision it is, making

the decision for every citizen; however, looking at the Community House as a business, it is a business that is growing. The Community House is a place we need.

Jim Richardson stated he recently had cataract surgery and while driving through town not long ago he realized what a beautiful town Morganton is. He stated the Community House was a jewel of the community.

Bill Allman stated that he is a lifelong Morganton resident. He stated the Community House was something that needed to be done. He felt they would be able to raise the funds for this just as the community has for other projects like the Mission Station and the Ben Long Fresco.

Eric Herschberger of ServPro stated that from a restoration company standpoint they look for buildings like this. Until the renovations are made buildings like this will always be on his radar.

The Mayor asked about the private fundraising. The City Manager stated the Renew the Tradition group confirmed that they are committed to raising another \$50,000. Jan Richardson stated they had put fundraising on hold because they want to have the Council backing before moving forward.

IX. Wrap-up and Next Steps – The City Manager stated the Council has received a lot of information. If we move forward it needs to be done expeditiously. She stated everyone would be looking forward to the Council taking action.

The Mayor asked for this item be put on the October Agenda. Councilman Fleming stated he wanted to go a step further and asked the City Manager to put Option 1 on the agenda.

Councilman Fleming stated that in a few years the North Carolina School of Science and Math will be in Morganton with 200-300 students. This will be an opportunity for use and growth at the Community House.

Councilman Cantrell asked if waiting for a vote was the best option. The Mayor stated that by putting in on the agenda more citizens could hear the discussion.

X. Adjournment – The meeting was adjourned at 1:15 p.m.

Preparation of Minutes. These minutes were prepared by Mikela D. Russell, Assistant City Clerk. Copies of all resolutions, ordinances and orders referenced in these minutes are intended to be incorporated into these minutes as if fully set forth herein. Prior to including them into the official minute book, the minutes have been read and approved

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by the City Manager and the City Attorney, then distributed to each member of the City Council for further review and final approval, at a subsequent Council Meeting.

Mayor

Assistant City Clerk